

106TH CONGRESS  
2D SESSION

# H. RES. 641

Expressing the sense of the House of Representatives that Federal Prison Industries, Inc., should immediately cease taking excess Federal computer equipment and selling such computer equipment and other excess Federal property in the commercial market.

---

## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 18, 2000

Mr. HOEKSTRA (for himself, Mr. FRANK of Massachusetts, Mr. COLLINS, and Mrs. MALONEY of New York) submitted the following resolution; which was referred to the Committee on the Judiciary

---

## RESOLUTION

Expressing the sense of the House of Representatives that Federal Prison Industries, Inc., should immediately cease taking excess Federal computer equipment and selling such computer equipment and other excess Federal property in the commercial market.

Whereas information technology and the Internet are playing an increasingly important role in driving economic growth and creating job opportunities for millions of Americans;

Whereas inner city and rural areas need access to this growing sector of the economy to improve education, spur economic development, and create opportunity;

Whereas the Computers for Learning Program, established by Executive Order 12999 which was issued by President

Clinton on April 17, 1996, created a program to accelerate the transfer of excess Federal computers, related equipment, and software to schools and other organizations to help bridge the digital divide for inner city and rural young people;

Whereas Federal Prison Industries, Inc., a wholly-owned Government corporation established in 1935 to centrally manage the industrial work programs of the Federal Bureau of Prisons, has now grown to be a chain of over 100 factories in 27 States, employing almost 21,000 inmate workers;

Whereas on February 2, 1998, a legal memorandum which was issued by a special counsel in the Office of Enforcement Operations within the Criminal Division of the Department of Justice, found that the general statutory prohibition in force since 1934 on the sale in interstate commerce of the results of inmate labor did not apply to services, permitting Federal Prison Industries, Inc., and prison industry programs operated by the States and local governments to sell inmate-furnished services in the commercial market, reversing interpretations and practice in place for almost 45 years;

Whereas Federal Prison Industries, Inc., then began to exercise its priority status as a Government-owned corporation to take for free increasingly large quantities of computers and other equipment no longer needed by the Department of Defense and other executive departments and agencies;

Whereas takings by Federal Prison Industries, Inc., from the Department of Defense grew from 4,372 items with a purchase value of \$17,600,000 in fiscal year 1997, to 59,627 items with a purchase value of \$480,800,000 dur-

ing fiscal year 1999, to 83,113 items with a purchase value of almost \$890,000,000 during the first nine months of fiscal year 2000, a more than 5,000 percent increase;

Whereas Federal Prison Industries, Inc., began to offer these computers, computer-related equipment, and software for sale to the general public through retail outlets and websites in direct, but unfair, competition with small business owners, contrary to the letter and spirit of the authorizing statute;

Whereas these takings by Federal Prison Industries, Inc., were diverting this Federal computer equipment from other authorized beneficiaries, including State and local governments, schools, and not-for-profit community service organizations; and

Whereas the Subcommittee on Oversight and Investigations of the Committee on Education and the Workforce of the House of Representatives held a hearing on September 26, 2000, receiving testimony from a representative of the Federal Supply Service of the General Services Administration, a representative of the Defense Reutilization and Marketing Service of the Defense Logistics Agency, the President of the National Association of State Agencies for Surplus Property, the executive director of a not-for-profit organization working to bridge the digital divide in Philadelphia, Pennsylvania, and a small business owner from Florida: Now, therefore, be it

1       *Resolved*, That it is the sense of the House of Rep-  
 2       resentatives that the Board of Directors of Federal Prison  
 3       Industries, Inc., should direct its Chief Operating Officer  
 4       to immediately cease taking computer equipment and

- 1 other equipment excess to the needs of various Federal
- 2 agencies and departments and selling such equipment in
- 3 the commercial market.

